

Message Text

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ACTION EUR-12

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AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 5857

E.O. 11652: GDS
TAGS: PGOV PINT PO
SUBJECT: MORE PROGRESS IN LEGISLATIVE ASSEMBLY

REF: LISBON 5702 (DTG 221643Z JUL 77)

SUMMARY: THE LEGISLATIVE ASSEMBLY JULY 27 GAVE FINAL
APPROVAL TO THE LAW REGULATING WORKER PARTICIPATION IN
MANAGEMENT AND TO MEASURES AUTHORIZING THE GOVERNMENT
TO CONTRACT FIVE FOREIGN LOANS TOTALLING APPROXIMATELY
450 MILLION DOLLARS. END SUMMARY.

1. LAW ON WORKER PARTICIPATION APPROVED: THE LEGISLATIVE
ASSEMBLY GAVE FINAL APPROVAL JULY 27 TO THE LAW REGULATING
WORKER PARTICIPATION IN MANAGEMENT AND WORKERS' COMMISSIONS.
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THE PS, PSD, AND CDS VOTED FOR THE LAW OVER PCP AND
UDP OBJECTIONS. SEVERAL ALTERATIONS IN THE GOVERNMENT'S ALREADY
MODERATE PROPOSAL ENSURED THE BACKING OF THE CDS.
PSD DEPUTY ALVES DA SILVA NOTED THAT THE LAW STOPPED
FAR SHORT OF SHARED WORKER-OWNER MANAGEMENT, BUT
REPRESENTED A NECESSARY LEARNING EXPERIENCE ON THE
WAY TO WORKER PARTICIPATION IN MANAGEMENT.

2. FOREIGN LOANS APPROVED: THE LEGISLATIVE ASSEMBLY ALSO AUTHORIZED THE GOVERNMENT TO SIGN FIVE FOREIGN LOANS JULY 28 AFTER THE GOVERNMENT CALLED IN THE PSD FOR A DETAILED EXPLANATION OF THE TERMS. THE PS VOTED IN FAVOR; THE PSD ABSTAINED, AND THE PCP AND UDP VOTED AGAINST EACH LOAN. THE CDS VOTED AGAINST FOUR LOANS, AND ABSTAINED ON A COUNCIL OF EUROPE LAON. THE FIVE LOANS APPROVED WERE:

- EUROPEAN INVESTMENT BANK: 200 MILLION EUROPEAN ACCOUNT UNITS;
- COUNCIL OF EUROPE: 45 MILLION DOLLARS;
- WORLD BANK-EDUCATION: 28 MILLION DOLLARS;
- U.S. AID-HOUSING, EDUCATION, BASIC SANITATION, HEALTH, AND VOCATIONAL TRAINING: 75 MILLION DOLLARS (INCLUDING 20 MILLION DOLLARS IN HOUSING INVESTMENT GUARRANTY);
- WEST GERMANY - RURAL HIGHWAYS: 44,850,000 GERMAN MARKS.

THE ASSEMBLY DEFERRED ACTION ON A 15 MILLION CONTOS (447 MILLION DOLLARS) INTERNAL BOND ISSUE REQUIRED FOR PUBLIC INVESTMENTS RELATED TO THE GOVERNMENT'S ECONOMIC PLAN.

3. PCP SEEKS DELAY: A COMMUNIST PARTY EFFORT TO FORCE ARTICLE-BY-ARTICLE PLENARY CONSIDERATION OF THE AGRARIAN REFORM LAW RESULTED IN A PROCEDURAL SKIRMISH AND AN EXCHANGE OF INSULTS BETWEEN PS ASSEMBLY PRESIDENT CONFIDENTIAL

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FERNANDES AND PCP DEPUTY VITAL MOREIRA. IN THE AGRICULTURAL COMMITTEE AS WELL, THE PCP EMPLOYED DELAYING TACTICS IN AN APPARENTLY FUTILE EFFORT TO PREVENT FINAL ASSEMBLY APPROVAL OF THE AGRARIAN REFORM LAW BEFORE THE END OF THE ASSEMBLY SESSION. CARLUCCI

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